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UNCLAS SECTION 01 OF 02 MANILA 003397

SIPDIS

SENSITIVE

DEPT FOR EAP, EAP/PMBS, INR/EAP, DS
NSC FOR GREEN

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TAGS: [PGOV](#) [PREL](#) [PINS](#) [PINR](#) [ECON](#) [ASEC](#) [RP](#)

SUBJECT: ARROYO GIVES STATE OF THE NATION ADDRESS, WHILE
OPPOSITION HOLDS RALLY

REF: A. MANILA - EAP/PMBS 07/25/05 E-MAIL

[B](#). OPS CENTER - MANILA 07/25/05 TELCON

[C](#). MANILA 3391

[D](#). MANILA 3367

[E](#). MANILA 3326

[1](#)1. (U) This message is Sensitive But Unclassified. Please handle accordingly.

[1](#)2. (SBU) Summary: President Arroyo gave her State of the Nation Address (SONA) late July 25. In a short speech, she claimed that her government had made great strides in strengthening the economy and she promised to hold the course. She urged reform of the political system, stating that it was inadequate to meet the country's current challenges. She recommended that the Philippines' examine constitutional changes that would transform the two houses of Congress into a parliamentary system and she spoke warmly about federalism. She said "permanent peace in Mindanao is within reach." Many opposition legislators boycotted her speech and an anti-Arroyo rally drew roughly 30,000 people. No violence was reported. The speech did not contain any surprises, though it was less detailed than expected. Mission will report on reaction as it flows in. End Summary.

[1](#)3. (U) President Arroyo gave her SONA late July 25. The speech was short, about 25 minutes. (Note: Ref a contains the text of the speech. End Note.) Arroyo spoke firmly and was often interrupted by applause (many in the opposition boycotted the speech -- see below). Arroyo began by noting that "ours is a country divided" between an economy "now poised for take off" and a political system that has become "a hindrance to progress." She said there was good news in regard to the economy which continued to grow and create jobs. She said that her "non-nonsense budget" had helped the economy by raising needed revenue and cutting into borrowing -- despite the fact that oil price rises had hurt growth. She said she would not waver in moving forward her economic plans no matter the opposition.

[1](#)4. (U) Arroyo related that over the course of time the country's political system had degenerated. The country had to "overcome our tendency to be our own worst enemy." She urged that all sides take care not to undercut the progress that has been made in the country: "We may disagree among ourselves, but let us never lose sight of that greater battle for one people, one country, one Philippines." Speaking in general terms and without offering a timetable, she then recommended that the Philippines' examine constitutional changes that would transform the two houses of Congress into a parliamentary system similar to that of "our progressive neighbors in the region." She said that such changes were within the ambit of Congress to decide on, but said that the calling of a "Constituent Assembly" was one possible way forward. She spoke warmly about federalism and devolving powers to localities.

[1](#)5. (U) She urged the swift passage of an anti-terrorism law. Regarding ongoing tensions in the south, she said "insurgency had abated" and "permanent peace in Mindanao is within reach." She claimed that "80 percent" was done in regard to the peace talks involving the Moro Islamic Liberation Front (MILF). She hailed the Philippines' relationship with the Organization of Islamic Conference (OIC). She said that "our victories in the war on terror have been acknowledged by no less than President Bush before the U.S. National Defense University." Jemaah Islamiya and the Abu Sayyaf had been dealt with and "can only pick up the pieces of its broken backbone".

[1](#)6. (U) All of the leftist "Party List" representatives in the House boycotted Arroyo's speech, as did many other Opposition members of Congress. However, members of the Liberal Party, many of whom have called for Arroyo's resignation, declined to join the boycott, stating that it was their "constitutional duty" to participate in the SONA.

[1](#)7. (U) Media and police estimate that roughly 30,000 or so attended an anti-Arroyo rally in Quezon City near the House of Representatives. According to Pol FSN who observed the

rally, most participants appeared to be supporters of leftist political groups. While the crowd was much smaller than the 80,000 protest organizers had predicted, it marked one of the larger turnouts for the Opposition to date. A smaller number of pro-Arroyo demonstrators gathered near the House to show their support for the President. Approximately 6,000 riot police, supplemented by 1,000 Philippine Army troops, set up barricades to keep the protesters away from the site of the SONA. As of 5:30 PM on July 25, there were no reports of violence.

18. (SBU) Comment: The speech did not contain any surprises, though it was less detailed than we expected. Contacts had told us that -- in addition to other issues -- it might focus on such issues as corruption and provide more details about the "truth commission" that Malacanang recently proposed, but it did not. Arroyo also did not directly address the recent scandals over audio tapes and illegal gambling, and the Opposition's filing of impeachment charges earlier in the day (see ref C). Malacanang seems to have decided to keep it all very lean. Mission will report on reaction as it flows in.

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